

~~CONFIDENTIAL~~

31 MAR 1975

MEMORANDUM FOR: Chief, Plans Staff, Office of Personnel

SUBJECT : Effects of Inflation on the Office of Personnel's
Budget

1. This memorandum is for your information.
2. Inflation has made an impact on the operation of the Office of Personnel especially in the last two years. The Office of Personnel's budget consists primarily of two line items: personnel compensation and benefits. In FY 1973 these two items accounted for 91.6% of the total OP budget; in FY 1974, 90.4%; and in FY 1975, again 90.4%. It can easily be seen from the above percentages that any reduction in funds imposed on the Office of Personnel will normally bring about a reduction in staff or contract ceiling. The attachment outlines recent reductions in ceiling by OP; and these reductions were made partially to offset the increased cost of personnel services and benefits.
3. The Agency's Invitee Travel Program, which is administered by the Office of Personnel, is another major area where the effects of inflation are noticeable. Travel costs in this program have been skyrocketing in the last eighteen months. The FY 1975 operating budget for this program (\$262 thousand) represents a 31% increase over the amount in the FY 1974 operating budget. Even with this increase the program is still not adequately funded. Extreme selectivity is being exercised regarding whom is brought to Washington and some delays have occurred due to budgetary restraints. The inflationary factors involved in this increase are a 25% increase in airline fares in the last eighteen months; the imposition of a security charge for each aircraft boarding; and a 10 to 25% increase in taxi fares in the D.C. metropolitan area in the last year.
4. Inflation has also affected the Agency's Overseas Medical Program. This program, which is administered by the Office of Personnel, has experienced a similar increase in foreign air fares for medical patient and dependent air travel. The U. S. military has also increased its daily charge for hospital care by approximately 6% in the last year and the charge for military medical evacuation flights has also been increased.
5. The aforementioned items are the areas where inflation has been felt the most. Inflated costs are also felt in field recruiters

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travel and telephone charges; acquisition of equipment and furnishings;
and external training. In the event of any questions or additional
information, please contact the undersigned on

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Administrative Officer
Office of Personnel

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